
A BILL FOR AN ACT

RELATING TO AIR CARRIERS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that since January 2021,
2 only one passenger airline has provided service to the general
3 public out of Molokai Airport. While the airline has done its
4 best to accommodate the needs of passengers, including adding
5 additional routes and flight times and ordering larger planes,
6 the cost of plane tickets remains a hindrance to many Molokai
7 residents who need to travel for essential reasons, including
8 work, medical appointments, and family.

9 The legislature further finds that alleviating the costs of
10 air travel, primarily for small, rural communities reliant on
11 air travel for essential services and other needs, is a public
12 purpose; and encouraging additional airlines to provide reliable
13 airline services to and from Molokai to assist the residents who
14 need to travel for essential reasons is a public purpose. The
15 legislature recognizes that providing a subsidy can help
16 airlines offset the cost of passenger tickets while encouraging
17 other airlines to also provide service at Molokai Airport.



1 Accordingly, the purpose of this Act is to require the
2 department of transportation to establish a Molokai air carrier
3 subsidy program to provide subsidies to airlines operating out
4 of Molokai Airport.

5 SECTION 2. Chapter 261E, Hawaii Revised Statutes, is
6 amended by adding a new section to be appropriately designated
7 and to read as follows:

8 "§261E- Molokai air carrier subsidy program. (a)
9 There is established within the department of transportation the
10 Molokai air carrier subsidy program to provide subsidies to air
11 carriers operating out of Molokai Airport.

12 (b) The Molokai air carrier subsidy program shall provide
13 state subsidies to qualified applicants pursuant to the
14 following terms, conditions, and standards:

15 (1) Any subsidy shall be used exclusively for the purposes
16 of the program;

17 (2) The applicant shall indicate the capability to
18 properly use the subsidy for the costs of operation in
19 and out of Molokai Airport;

20 (3) The applicant shall comply with all applicable federal
21 and state laws prohibiting discrimination against any



1 person on the basis of race, color, national origin,
2 religion, creed, sex, age, sexual orientation,
3 disability, or any other characteristic protected
4 under applicable federal or state law;

5 (4) The subsidy shall not be used for purposes of
6 entertainment or perquisites;

7 (5) All activities undertaken with subsidy funds received
8 shall comply with all applicable federal, state, and
9 county statutes and ordinances;

10 (6) The applicant shall:

11 (A) Indemnify and hold harmless the State and its
12 officers, agents, and employees from and against
13 any and all claims arising out of or resulting
14 from activities carried out or projects
15 undertaken with funds received from the program;
16 and

17 (B) Obtain sufficient insurance to provide the
18 indemnification under subparagraph (A), if
19 requested to do so by the department;

20 (7) The applicant shall agree to make available to the
21 department of transportation all records the applicant



1 may have relating to the subsidy to monitor the
2 applicant's compliance with the requirements of the
3 program; and

4 (8) The applicant shall comply with other requirements as
5 the department may prescribe.

6 (c) The department shall submit an annual report to the
7 legislature regarding the program, including subsidy funds
8 disbursed and detailed accounting and descriptions of
9 expenditures of subsidy funds, no later than twenty days prior
10 to the convening of each regular session.

11 (d) As used in this section:

12 "Applicant" means a qualified air carrier operating, or
13 planning to operate, out of Molokai Airport seeking a subsidy.

14 "Department" means the department of transportation.

15 "Program" means the Molokai air carrier subsidy program.

16 "Subsidy" means the sum of money appropriated by the
17 legislature to the department to be disbursed to qualified air
18 carriers operating out of Molokai airport."

19 SECTION 3. In establishing the Molokai air carrier subsidy
20 program pursuant to section 2 of this Act, the department of
21 transportation shall request the assistance of Hawaii's



1 congressional delegation, the Federal Aviation Administration,
2 and other pertinent federal officials.

3 SECTION 4. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so
5 much thereof as may be necessary for fiscal year 2025-2026 and
6 the same sum or so much thereof as may be necessary for fiscal
7 year 2026-2027 to the department of transportation's
8 administration division (TRN995) for the Molokai air carrier
9 subsidy program.

10 The sums appropriated shall be expended by the department
11 of transportation for the purposes of this Act.

12 SECTION 5. New statutory material is underscored.

13 SECTION 6. This Act shall take effect on July 1, 2050.



S.B. NO. 1638
S.D. 2

Report Title:

DOT; Airlines; Air Carriers; Subsidy; Molokai Airport;
Appropriations

Description:

Establishes within the Department of Transportation the Molokai
Air Carrier Subsidy Program to provide subsidies to airlines
operating out of Molokai Airport. Appropriates moneys.
Effective 7/1/2050. (SD2)

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not legislation or evidence of legislative intent.*

